

# AUDIT COMMITTEE

5 FEBRUARY 2008

## OUTCOMES OF HOUSING BENEFIT COUNTER FRAUD INVESTIGATIONS

Report from: Internal Audit

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### 1 Summary

1.1 To inform members of progress in investigating allegations of housing and council tax benefit fraud during the period August to December 2007.

### 2 Decision issues

2.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

### 3 Background

3.1 Medway Council has had a sanction policy since 2002 following changes to the way benefit investigations should be conducted. These changes resulted in a more rigorous investigative standard being adopted which lead to specific outcomes, known as sanctions. Namely, that local authorities should consider the use of one of the following courses of action following a successful investigation:-

- Prosecution
- Issue of a caution
- Issue of an administrative penalty (fine).

### 4 Outcome of Benefit Investigations

4.1 In the current financial year to 31<sup>st</sup> December, the investigations team has identified £293,498 of fraudulent overpayments of Housing and Council Tax Benefit. Since the last report to this committee, there have been 16 successful prosecutions, 5 unsuccessful prosecutions and the issue of 20 cautions and 1 administrative penalty. These sanctions are detailed at Annex A.

4.2 The following table shows the progress of current cases following a decision to prosecute.

As at 31 <sup>st</sup> December 2007	Medway Council's Legal Services			Department of Work and Pensions		
Cases put forward for prosecution	34			11		
Of which						
• court proceedings commenced		26			6	
• preparing court proceedings		8			2	
• awaiting acknowledgement			0		3	
○ of which						1
○ waiting for 1-2 months						2
○ waiting for 2-3 months						

## 5 Financial implications

5.1 There are no financial implications arising from this report.

## 6 Legal implications

6.1 There are no legal implications arising from this report.

## 7 Recommendations

7.1 Members to note progress in investigating benefit fraud in accordance with the approved sanction policy.

## 8 Background papers

8.1 None.

### Lead officer contact

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Prosecutions completed August – December 2007							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
8335	Landlord was the Father of the claimant's child.	9,148	Medway Magistrates' Court	120 hours community service = £500 costs  23/07/07	8,347	7,847	Claimant failed to keep arrangement to pay. Passed to external company for collection.
8919	Living together with a working partner	2,164	Medway Magistrates' Court	40 hours community punishment order + £70 costs  25/10/07	16,731	16,395	Active claim overpayment is recovering by weekly reclaim
8959	Non disclosure of DWP benefit	845	Medway Magistrates' Court	12 months conditional +£50 costs  09/08/07	1,305	NIL	Did not attend IUC. Unable to trace claimant and debt was written off.
8972	Non disclosure of capital and non disclosure of partner.	1,956	Medway Magistrates' Court	36 months conditional +£150 costs  28/08/07	1,675	1,575	Claimant has an arrangement of £25.00 a month
9011	Failure to disclose non dependant	5,685	Medway Magistrates' Court	18 months conditional  31/10/07	5,620	5,580	Claimant has an arrangement of £10.00 a week
9057	Living together with a working partner	21,540	Medway Magistrates' Court	100 hours community service + £100 costs  02/08/07	21,540,	21,540,	No offer of payment. Passed to external company for collection.

Prosecutions completed August – December 2007							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9101	Claimant owned property	Nil	Medway Magistrates' Court	18 months conditional +£150 costs  10/10/07	Nil	Nil	Submitted claim but failed to provide documentary evidence. So no benefit was paid.
9247	Non disclosure of partner's earnings	11,876	Medway Magistrates' Court	180 days custodial, suspended for 18 months + £75 costs  15/10/07	11,525,	11,333,	Partner prosecuted see case 9617 Active claim o/p is recovering by weekly reclaim of £12.00
9617	Non disclosure of earnings	Nil	Medway Magistrates' Court	180 days custodial, suspended for 18 months + £75 costs  15/10/07	Nil	Nil	
9276	Living together with a working partner	17,897	Maidstone Crown Court	12 months suspended for two years  13/07/07	17,084,	16,832,	Joint investigation with DWP and prosecuted by them. Active claim o/p is recovering by weekly reclaim
9387	Non disclosure of marriage and spouse's earnings	7,522	Medway Magistrates' Court	100 hours community service + £150 costs  16/08/07	7,522,	7,522,	Claimant has appealed to the DWP and our overpayment is currently pended awaiting decision

Prosecutions completed August – December 2007							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9410	Working & claiming benefits	2,222	Thanet Magistrates' Court	24 months conditional +£250 costs	2,358	2,322	Joint investigation with DWP and prosecuted by them
9590	Non disclosure of earnings	502	Medway Magistrates' Court	£100 fine + £100 costs 19/07/07	NIL	NIL	Did not attend IUC. Unable to trace claimant and o/p was written off.
9685	Non disclosure of earnings and partner's earnings	3,115	Medway Magistrates' Court	£150 fine + £75 costs 09/08/07	3,115	3,115	Partner also prosecuted. See case 9735
9735	Knowingly allowing false claim	Nil	Medway Magistrates' Court	£150 fine + £75 costs 09/08/07	Nil	Nil	
9716	Intentionally obstructing an Authorised Officer	Nil	Medway Magistrates' Court	£200 fine + £200 costs 22/11/07	Nil	Nil	

<b>Unsuccessful Prosecutions August- December 2007</b>		
<b>Investigation Case number</b>	<b>Type</b>	<b>Comment</b>
8472 & 8944	Non disclosure of DWP benefits	Found not guilty. Inappropriate charge on summons which defence solicitor used successfully to plead not guilty.
8645	Non disclosure of partner and partner's earnings	Found not guilty.
8962	Not resident at property	Case withdrawn – out of time
8404	Failed to notify loss of dependants and later, vacation of property	Case withdrawn – out of time

**Cautions, Administrative Penalty Issued  
August - December 2007**

<b>Case Number</b>	<b>Fraud Type</b>	<b>Overpayment £</b>	<b>Comment</b>
9456	Non disclosure of partner	1,281	Caution issued
9552	False tenancy	Nil	Landlord cautioned
9593	Non disclosure of earnings	900	Caution issued
9622	Non disclosure of earnings	Nil	Partner cautioned
9624	Non disclosure of partner	1,634	Caution issued
9657	Non disclosure of capital	3,813	Caution issued. Prosecution not considered due to claimant's health
9661	Knowingly allowing false claim	Nil	Caution issued. Partner also cautioned, see 9981
9981	Knowingly allowing false claim	Nil	Caution issued
9691	Non disclosure of earnings	902	Administrative penalty issued
9695	Non disclosure of capital	4,046	Caution issued. Prosecution not considered to be in the public interest
9711	Non disclosure of change of circumstances relating to DWP paid benefit	1,275	Caution issued
9736	Non disclosure of partner	1,342	Caution issued
9739	Non disclosure of earnings	891	Caution issued
9748	Collusive landlord	Nil	Landlord cautioned. See also 9872

Case Number	Fraud Type	Overpayment £	Comment
9872	False tenancy	Nil	Claimant cautioned
9788	Non disclosure of earnings	561	Caution issued
9794	Non disclosure of earnings	618	Caution issued
9799	Non disclosure of income	Nil (Income support reduced but no effect on HB)	Caution issued
9866	Non disclosure of capital by claimant's spouse	Nil	Spouse cautioned
9921	Non declaration of relationship to landlord	Nil	Caution issued
9987	Non disclosure of earnings	324	Caution issued